European Communities

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Working Documents

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DOCUMENT 1-147/81

Report

drawn up on behalf of the Committee on Social Affairs and Employment

on the proposal from the Commission of the European Communities to the Council (Doc. 1-42/81) for a Regulation modifying Regulation (EEC) No 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund

Rapporteur: Mr M. DIDÓ

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English Edition

PE 72.603/fin.

By letter of 16 March 1981 the President of the Council of the European Communities consulted the European Parliament on the proposal from the Commission of the European Communities to the Council on a regulation amending Regulation (EEC) No 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund.

On 25 March 1981 the President of the European Parliament referred this porposal to the Committee on Social Affairs and Employment.

On 13 April 1981 the Committee on Social Affairs and Employment appointed Mr DIDO rapporteur.

At the same meeting it considered the proposal and adopted the motion for a resolution unanimously with four abstentions.

Present: Mr Van der Gun, chairman; Mr Dido, vice-chairman and rapporteur; Mr Peters and Mr Frishmann, vice-chairmen; Mr Albers, Mrs Baduel Glorioso, Mr Barbagli, Mr Brok, Mr Calvez, Mrs Cassanmagnago Cerretti, Mr Ceravolo, Ms Clwyd, Mr Estgen, Mr Franghos, Mr McCartin, Mr Van Minnen, Mr T. Nielsen, Mr Spencer, Mr J.D. Taylor, Mr Verhaegen.

The explanatory statement will be presented orally.

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

Motion for a resolution

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council modifying Regulation (EEC) No. 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(80)742fin.)
- having been consulted by the Council (Doc. 1-42/81),
- having regard to the report of the Committee on Social Affairs and Employment (Doc.147/81),

1. Fully approves the intention to include Greece among the 'priority regions' of the Community and to extend to Greece the higher rate applicable to interventions by the European Social Fund in regions noted for a particularly serious and prolonged imbalance in employment;

2. Notes that in spite of the major progress made, Greece is still characterized, compared to the other Member States, by a certain socio-economic backwardness and structural weakness which can be briefly summarized as follows:

   (a) in 1978 the per capita GDP was 43.4% of the Community average (as compared with 48.5% for Ireland and 58.9% for Italy);

   (b) in 1978 per capita domestic consumption was 1 827 EUA, which is far lower than the average for the other EEC countries, except Ireland (1 842 EUA), Italy (2 278 EUA) and the United Kingdom (2 608 EUA);

   (c) agriculture, which in 1979 still employed 30.8% of the working population (Community average: approx. 8%) accounts for a relatively small proportion of the Greek national product because of the large number of small and often rather unproductive farms, their location and soil composition and the fact that little use is made as yet of modern techniques; moreover most of the products are typical Mediterranean products which are of course also experiencing difficulties in the rest of the Community;

(d) industry, which in 1979 employed 30% of the working population (Community average: approx. 38%), includes among its strong sectors some, like textiles, which are in a critical state in the Community and also has a much lower productivity than the Community average; moreover the textile industry is mainly composed of small and very small firms which have hitherto been protected from outside competition by a substantial tariff and non-tariff barrier;

(e) the economy in general, which has always recorded higher growth rates than the Community average, is now stagnating again because of inflation, which reached 25% in 1979;

(f) lastly, there are considerable regional imbalances, as shown by the fact that more than 45% of the total population of Greece (9.4 million inhabitants) is concentrated in the two areas of Athens and Thessalonika where the standard of living and the level of industrialization are much higher than in the remainder of Greece;

3. Emphasizes in particular that in the context of the current worldwide and European economic crisis the unemployment situation gives great cause for concern; according to the official figures of the end of February 1981 there were 68 300 unemployed persons (44 400 men and 23 900 women), i.e. 2% of the working population: <u>these apparently reassuring figures take on an entirely different dimension</u> given that:

(a) although they represent a 21% rise in unemployment in relation to February 1980, they cover only those eligible for unemployment benefit and do not take account of unemployment of longer duration, unemployment among young people seeking their first job or unemployment in rural districts,

(b) it is generally admitted that there is a large degree of under-employment or disguised unemployment, especially self-employed persons (who make up more than 50% of the working population),

(c) it is difficult to classify all those who are mainly employed in tourism and whose work is seasonal or non-continuous,

(d) the results of the studies undertaken by the Athens School of Political Sciences, which relate to a period comparable to that under consideration and which found that the <u>real total unemployment rate was between 15% and 17.8%</u> therefore seem reliable,

(e) lastly, the prospects are not very encouraging given that:
- the annual net average population growth (calculated on the basis of the 1966-76 average) is higher than in the Community of Nine,

- the inevitable restructuring measures in industry, agriculture and the services will increase productivity and thus reduce the need for labour,

- emigration no longer offers good outlets;

4. Rejects the Commission's proposal to exclude the areas of Athens and Thessalonika from eligibility to benefit from the higher rate of intervention by the Social Fund for the following specific reasons, in addition to the general remarks made in the preceding paragraph.

   (a) as stated above, more than 45% of the total population, which also represents 50% of the working population of Greece, lives in these areas,

   (b) most of the industrial plant, and 70% of vocational training facilities in Greece, regardless of the fact that they are rather inadequate, are situated there;

5. Although sharing and endorsing the Commission's laudable intention of 'accelerating the development of the vocational training facilities in the other areas of Greece, particularly by financing the necessary infrastructure'[1], is convinced, therefore, that for some years at least the effect of excluding these areas would merely unfairly prejudice Greece's chance of benefiting to the utmost, in line with its socio-economic needs, from the European Social Fund contributions;

6. Points to the urgent need for coordinated efforts between the EEC Statistical Office and the appropriate Greek administrations with a view to the prompt provision of realistic, up-to-date and comparable data on the economic, school and social situation of Greece, with special reference to date proving real information on the structure of the labour market;

7. Requests the European Centre for the development of vocational training in Berlin to complete as soon as possible its recent studies on the situation and on the specific vocational training requirements in Greece so that the Commission can take account of its findings when determining the guidelines and priorities for administering the Fund;

8. Requests the Commission in its preliminary draft budget and more particularly the Council of Ministers in its draft budget for 1982 and the following financial years to provide the Social Fund with adequate funds to cope with the current volume of applications for aid (which far exceeds the funds available) and the needs born of the crisis and also to take account of the

[1] See the last phrase of point 5 of the explanatory memorandum of the proposal for a regulation (COM(80) 742 final, of 17.11.80, p.4.

foreseeably higher expenditure which will be required for Greece;

9. On the basis of the requests and considerations set out above, calls on the Council in particular to fully respect and implement the provisions of paragraphs 2, 3 and 4 of Protocol No. 7 of the Act of Accession of the Greek Republic[1] in which the High Contracting Parties agree to recommend that the Community institutions implement all the means and procedures laid down by the EEC Treaty, particularly by making adequate use of the Community resources, in order to promote the Greek policy of industrialization and economic development designed to align the standard of living in Greece with those of the other European nations and to eliminate underemployment while progressively evening out regional differences in levels of development;

10. Requests the Commission to endorse, within the meaning of Article 149(2) of the EEC Treaty, the following amendments;

[1] See OJ No. L 291 of 19.11.1979, p. 177

TEXT PROPOSED BY THE COMMISSION OF THE EUROPEAN COMMUNITIES [1]	AMENDED TEXT

Regulation of the Council modifying Regulation (EEC) No 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund

Preamble unchanged

First recital unchanged

Second recital	Second recital
Whereas pending definition of priority regions in Greece that would qualify for assistance from the Fund under Article 5(1)(a) of Council Decision 71/66/EEC of 1 February 1971 concerning the reform of the European Social Fund, as amended by Decision 77/801/EEC, the higher rate of intervention should be applied provisionally to the whole of Greece, with the exception of the areas of Athens and Thessalonika;	Whereas pending definition of priority regions in Greece that would qualify for assistance from the Fund under Article 5(1)(a) of Council Decision 71/66/EEC of 1 February 1971 concerning the reform of the European Social Fund, as amended by Decision 77/801/EEC, the higher rate of intervention should be applied provisionally to the whole of Greece; (10 words deleted)
Article 1	Article 1
Article 1 of Regulation (EEC) 2895/77 is replaced by the following:	Article 1 of Regulation (EEC) 2895/77 is replaced by the following:
'Operations carried out in Greenland, the French overseas departments, Greece with the exception of the areas of Athens and Thessalonika, Ireland, Northern Ireland and the Mezzogiorno shall qualify for the higher rate of intervention provided for in Article 8(3) of Council Decision 71/66/EEC'.	'Operations carried out in Greenland, the French overseas departments, Greece (10 words deleted), Ireland, Northern Ireland and the Mezzogiorno shall qualify for the higher rate of intervention provided for in Article 8(3) of Council Decision 71/66/EEC'.

Article 2 unchanged

[1] For the full text see OJ No C of , p.